

Name: _____

County: _____

Date: _____

Assessment of Vessels

Self-study Training Session

Review Questions

1. Which of the following is responsible for collecting registration fees on vessels.
 - a. ☐ County Tax Collector
 - b. ☐ State Controller
 - c. ☐ Secretary of State
 - d. ☐ Department of Motor Vehicles or the Coast Guard

2. Vessels are subject to personal property taxation and county assessors are responsible for the annual assessment of vessels.
 - a. ☐ True
 - b. ☐ False

3. For purposes of property taxation, vessels are considered to be _____, in which taxes are a personal liability of the _____.

4. Revenue and Taxation Code section 130 defines a vessel as:
 - a. ☐ All motorized floating devices.
 - b. ☐ Sail boats only.
 - c. ☐ Every description of watercraft used or capable of being used as a means of transportation on water, including aircraft.
 - d. ☐ Every description of watercraft used or capable of being used as a means of transportation on water, but does not include aircraft.

5. Briefly explain why is it important for appraisers to understand the definition of vessels as used by the Department of Motor Vehicles pursuant to Vehicle Code section 9840?

6. Floating homes are categorized as vessels for property tax purposes.

a. ☐ True

b. ☐ False

7. Vessels are classified as _____ and are included on the _____ roll.

8. Vessels are not subject to supplemental assessment.

a. ☐ True

b. ☐ False

9. _____ meeting the requirements of section 227 may be enrolled in a separate section at the end of the vessel section of the roll.

10. Some of the advantages of enrolling vessels on the unsecured tax roll include:

a. ☐ Simplifying of roll-searching problems for the assessor and tax collector.

b. ☐ Making statistical data more readily available.

c. ☐ Avoiding the necessity of adding the tax bill on the vessel to an impound account when a lending institution pays the tax bill on the real property and secured personal property.

d. ☐ All of the above.

11. The factors involved in making an assessment with respect to vessels are:

a. ☐ Classification and security

b. ☐ Assessability, assessee, and situs

c. ☐ Description and value

d. ☐ All of the above

12. A taxpayer sold his boat on January 30, 2006 to a boat dealer. He received a property tax bill for the fiscal year July 1, 2005 to June 30, 2006. Although the taxpayer is no longer the owner of the boat, the bill is valid based on ownership on the lien date. Taxes on unsecured property are due on the lien date.
- a. ☐ True
- b. ☐ False
13. Developing a program for the discovery of information regarding taxable vessels and the verification of new and existing information is important to ensure _____ and _____.
14. List the primary methods of discovering assessable vessels.
- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
15. The Department of Motor Vehicles periodically sends reports to county assessors' offices that list all vessels registered in the various counties.
- a. ☐ True
- b. ☐ False
16. The type of information provided by Department of Motor Vehicle reports includes:
- a. ☐ Owner's name and address
- b. ☐ Vessel type and cost class
- c. ☐ Assessed value of the vessel
- d. ☐ All of the above
- e. ☐ a and b only
17. The _____ issued by the Coast Guard is useful in determining the situs of vessels.

18. The Harbor Master's Marina Reports identify vessels kept at a boating facility in the county. These reports may be compared with the assessors' records and aid in the discovery of vessels that may have escaped assessment.
- a. ☐ True
- b. ☐ False
19. Field canvassing should be conducted near the _____. Any vessels located at _____ and in _____ that are not listed in the auditor's files should be investigated.
20. In the valuation of vessels, what approach to value may be used?
- a. ☐ Cost approach
- b. ☐ Comparative sales approach
- c. ☐ Income approach
- d. ☐ All of the above
21. For commercial boats such as fishing boats, freighters, and research vessels, the cost approach is typically used for valuation.
- a. ☐ True
- b. ☐ False
22. In the valuation of vessels using the comparative sales method, what adjustments should be made when using nationally published value guides?
- _____
- _____
- _____
- _____
- _____
23. When using the comparative sales approach to value vessels, name three sources of information.
- a. _____

- b. _____
- c. _____
24. What primary value guidebooks do most boat dealers, appraisers, owners, and sellers refer to when determining the market value of pleasure boats and houseboats?
- a. ☐ BUC Used Boat Price Guide
- b. ☐ ABOS Marine Blue Book
- c. ☐ Board of Equalization published price guide
- d. ☐ All of the above
- e. ☐ Only a and b
25. In the valuation of pleasure boats, it is preferred that the assessor annually appraise all vessels at market value using a _____ or by _____.
26. For property tax purposes, a documented vessel is one with _____.
27. Pursuant to Vehicle Code section 9850, every vessel using the waters of this state must be numbered by the Department of Motor Vehicles except when a valid number is issued by the U.S Coast Guard, or a federally approved numbering system of another state already exists.
- a. ☐ True
- b. ☐ False
28. Vehicle Code section 9873 provides that vessels are not required to be numbered in which of the following?
- a. ☐ The vessel is already covered by number in full force issued federally or by another state
- b. ☐ The vessel is from a country other than the United States temporarily using the waters of California

- c. ☐ The vessel is owned by a public agency within the United States
- d. ☐ All of the above
29. Vessel documentation by the U.S Coast Guard is a national form of registration. Such documentation provides:
- a. _____
- b. _____
- c. _____
30. To federally register a vessel, the owner must:
- a. ☐ Apply for a Certificate of Documentation with the National Vessel Documentation Center in Falling Waters, West Virginia
- b. ☐ Apply for a Certificate of Documentation with DMV
- c. ☐ Apply for a Certificate of Documentation with the U. S. Coast Guard
- d. ☐ Apply for a Certificate of Documentation with the U. S. Department of Transportation
31. A vessel is eligible for a Coast Guard Certificate of Documentation if it is at least _____ and it is _____.
32. What is a "hailing port"?
- _____
- _____
- _____
33. An assessor can search whether a specific vessel is currently documented via an Internet site. The search may be based on a vessel's name or the U.S. Coast Guard identification number.
- a. ☐ True
- b. ☐ False
34. The Code of Federal Regulations, Title 46, section 67.9 excludes or exempts which of the following vessels from Coast Guard documentation?

- a. ☐ A vessel of less than twenty-five net tons
 - b. ☐ A vessel that does not operate on the navigable waters of the United States or in the fisheries in the Exclusive Economic Zone
 - c. ☐ A self-propelled vessel engaged in the coastwise trade
 - d. ☐ All of the above
35. Any documented vessel may be used for recreational purposes, regardless of its endorsement, but a vessel documented with a recreational endorsement only may not be used for any other purpose.
- a. ☐ True
 - b. ☐ False
36. Certain documented vessels are assessed at 4 percent of their full cash value if they are:
- a. ☐ Commercial fishing vessels
 - b. ☐ Used as an oceanographic research vessel
 - c. ☐ Engaged in transportation of passengers
 - d. ☐ All of the above
37. Section 227 provides that the 4 percent preferential assessment is automatic and the exemption is automatically applied by the assessor.
- a. ☐ True
 - b. ☐ False
38. Vessels must be documented in California ports in order to qualify for the 4 percent special assessment.
- a. ☐ True
 - b. ☐ False
39. There is no requirement that a vessel be used a specific number of days for the purpose in which it is being exempted.
- a. ☐ True
 - b. ☐ False

40. Section 227(c) provides that when vessels are used for no more than _____ percent of their total exempt operating time for other activities such as _____, _____, or _____, the 4 percent preferential assessment would still apply.
41. In which of the following would a vessel be qualified for the 4 percent preferential assessment?
- a. ☐ A vessel engaged in seeding oyster beds and in harvesting artificially planted oysters
 - b. ☐ Tow vessels used to haul the vessels that seed and harvest oysters
 - c. ☐ Vessels used to facilitate the pumping of sea water to inland oyster beds
 - d. ☐ All of the above
42. Section 227(b) provides that oceanographic instructional or research vessels are required to have a non-profit purpose in order to qualify for the 4 percent preferential assessment.
- a. ☐ True
 - b. ☐ False
43. Equipment that is necessary for the accomplishment of a vessel's functions and carried on board is included in the 4 percent preferential assessment. List five examples of such equipment.
- a. _____
 - b. _____
 - c. _____
 - d. _____
 - e. _____
44. Equipment that is necessary to maintain or service the vessel such as cranes affixed to the dock used to unload the vessel's cargo and shore radio equipment is included in the 4 percent preferential assessment.
- a. ☐ True
 - b. ☐ False

45. Section 170 provides that the owners of fishing vessels are eligible for assessment relief when commercial fishing operations are discontinued due to decline in the availability of fish.
- a. ☐ True
 - b. ☐ False
46. Anyone claiming a vessel as eligible for the preferential assessment is required to submit an _____. The filing date is between the _____ and _____.
47. Which of the following statements is correct?
- a. ☐ Vessels are personal property and mobile.
 - b. ☐ For property tax purposes, a vessel's taxable situs is established on the January 1 lien date.
 - c. ☐ Vessels with a taxable situs located in California on lien date are assessable by the county in which they are located.
 - d. ☐ Vessels with a taxable situs located outside of California, almost without exception, are not assessable within the state.
 - e. ☐ All of the above.
48. The "home port" doctrine:
- a. ☐ Applies to vessels that move between ports throughout the year.
 - b. ☐ Provides that only the home port may impose taxes on the vessels.
 - c. ☐ Was established by the common law and permits vessels engaged in foreign or interstate commerce to be taxed by the domicile of the owner, regardless of where the vessel happens to be located on lien date.
 - d. ☐ All of the above.
49. A sea-going vessel, regardless of whether it has a "homeport" or a "hailing port" designation, can acquire a new taxable situs if it becomes habitually moored at a new location.
- a. ☐ True
 - b. ☐ False
50. Vessels documented or registered in California, that are employed in foreign or interstate commerce on the lien date, are assessable in the California jurisdiction

where they are habitually moored or where the owners are domiciled. This applies to such vessels only when they have been used within California waters.

a. ☐ True

b. ☐ False

51. What documentation can be provided to an assessor to establish situs of a vessel?

a. _____

b. _____

52. The county where the _____ registers a vessel is the place of _____ and is typically the county where the vessel is located and assessed.

53. Assessors must establish the situs of non-documented vessels. For smaller boats that are not moored, situs is:

54. An intercounty ferryboat is assessed in equal proportions in each of the counties where the ferry connects.

a. ☐ True

b. ☐ False

55. Documents that aid in determining situs include:

a. _____

b. _____

c. _____

d. _____

e. _____

f. _____

g. _____

h. _____

56. In general, seagoing vessels should be taxed at the _____

_____ or at the _____
_____, regardless of where the vessel happens to be actually located on the lien date.

57. Section 228 provides that vessels with a market value of \$400 or less are exempt from property taxes. The exemption only applies to vessels _____. The exemption does not apply to _____.

58. Wooden vessels of historic significance may qualify for exemption if what conditions are satisfied?

- a. _____

- b. _____

- c. _____

- d. _____

- e. _____

59. The term "*wooden vessels of historical significance*" is defined as:

- a. ☐ Any wooden vessel that is a refurbished original, wooden inland waters vessel of 47 feet or larger.
- b. ☐ A vessel built in California during or prior to 1910 that has continuously remained in California waters.
- c. ☐ A vessel that has been designated a California State Historical Landmark.
- d. ☐ All of the above.

60. With respect to business inventory, which of the following statements are true?

- a. ☐ Vessels intended for sale or lease in the ordinary course of business are considered business inventory and are exempt.
 - b. ☐ Vessels under construction on the lien date must be completed before they can be exempt as business inventory.
 - c. ☐ Vessels held and advertised for sale by an owner would be eligible for exemption unless the owner's normal course of business is selling vessels.
 - d. ☐ All of the above.
61. The assessor should not judge the validity of the business inventory exemption based solely on the status of a vessel on the lien date. What individual facts should also be considered?
- a. _____
 - b. _____
 - c. _____
62. Vessels held for lease or consignment by lessors, sublessors, and consignors are exempt from property taxes.
- a. ☐ True
 - b. ☐ False
63. The key to qualifying for the business inventory exemption is that the vessel must be held for sale, lease, or consignment in the ordinary course of business of the seller, lessor, or consignor.
- a. ☐ True
 - b. ☐ False
64. An enforced idleness or temporary withdrawal from leasing due to conditions such as seasonal weather or maintenance disqualifies vessels from property tax exemption.
- a. ☐ True
 - b. ☐ False

65. A marina rents out houseboats within its normal course of business but closes this portion of their operations for the winter months, including the lien date. Which of the following is true?
- a. ☐ The vessels available for lease do not qualify for the business inventory exemption during the months when not in operation.
 - b. ☐ The vessels available for lease lose their exemption for the entire year as they are not being used for their exempt purpose during the winter months.
 - c. ☐ The vessels available for lease continue to qualify for the business inventory exemption.
 - d. ☐ None of the above.
66. Business inventory does not include property being used by its owner for any purpose not directly _____
67. Property Tax Rule 133, subsection (a)(3), states that to be eligible for exemption, the property must be held and openly offered for sale or lease and must be _____
68. For vessels of more than 50 tons burden exempt from property taxation under Article XIII, section 3 of the California Constitution, which of the following is true?
- a. ☐ The vessels must be exclusively engaged in the transportation of freight or passengers or at least primarily so engaged.
 - b. ☐ There are no provisions to allow for a proration of the exemption.
 - c. ☐ If the vessel is used 80 percent of the time in the exempt activity and 20 percent in non-exempt activities such as towing, then the incidental use for other purposes does not affect the qualification for the exemption.
 - d. ☐ All of the above.
69. For purposes of article XIII, section 3 of the California Constitution, freight generally denotes _____

70. When a parent company's subsidiary utilizes vessels to transport their own freight, such vessels generally do not qualify for exemption. The freight must be for hire by a separate entity.
- a. ☐ True
- b. ☐ False
71. Tugboats of more than 50 tons burden primarily engaged in _____ are exempt.
72. Harbor tugs with more than 50 tons burden primarily engaged in assisting cargo or passenger vessels in navigating the waters and channels of the harbor are not exempt.
- a. ☐ True
- b. ☐ False
73. With respect to the homeowners' exemption, which of the following is true?
- a. ☐ A vessel may receive the documented vessel exemption due to its use and the homeowner's exemption if it is the owner's residence.
- b. ☐ An owner may receive the \$7,000 homeowner's exemption if the vessel is the owner's place of abode.
- c. ☐ The homeowners' exemption does not apply to vessels.
- d. ☐ If the crew lives on the vessel while on the high seas, the vessel is not eligible for the documented vessel exemption.
- d. ☐ All of the above.
74. A vessel that is occupied as the principal place of residence of a veteran or his/her spouse may be partially exempt from property taxes under section 205.5.
- a. ☐ True
- b. ☐ False
75. Provide four examples of vessels that qualify for the 4 percent assessment.
- a. _____
- b. _____
- c. _____
- d. _____

76. _____ is a device that may be propelled, moved, or drawn both upon water and upon land.
77. Barges may be exempt from documentation because of their use in certain internal or inland waters of the state.
- a. ☐ True
- b. ☐ False
78. A bulk carrier is:
- _____
- _____
79. Provide four examples of cargo that are generally carried on cargo ships.
- a. _____
- b. _____
- c. _____
- d. _____
80. A _____ is a form of small boat, long and narrow and sharp at both ends, usually propelled by paddle, with no rudder or sail.
81. A _____ is not exempt from taxation under the provisions of article XIII, section 3(*l*) of the State Constitution when over 50 tons burden, as it does not carry passengers or freight.
82. _____ are used for the repair of below-the-waterline fittings and suffixes of ships. They are usually moored in dredged berths by anchors and vertical pilings. They are connected to electrical, water, and sewage disposal lines ashore. As such they should be classified as _____.
83. A floating home is assessed in the same manner as _____. For property tax purposes a floating home is categorized as a _____.
84. A floating home has which of the following characteristics?
- a. ☐ It is designed and built to be used as a stationary waterborne residential dwelling.

- b. ☐ It has no mode of power of its own, and is dependant for utilities upon a continuous utility linkage to a source originating on shore
- c. ☐ It has a permanent continuous hookup to a shore side sewage system.
- d. ☐ All of the above.

85. A _____ is a boat propelled primarily or exclusively by a sail or sails. This type of vessel may be documented by the Coast Guard if it is _____burden.

86. A sailboat may be subject to the 4 percent assessment under section 227.

a. ☐ True

b. ☐ False

87. How should a skiff be valued?

88. What is a thrill watercraft?

89. A yacht is any one of various types of vessels, characterized with sharp prow and graceful lines, and ordinarily used for _____. It is usually documented by the _____ when it is used to _____.